

~~CONFIDENTIAL~~COCOM DOCUMENT NO. 3531

Copy No. .... 70

COORDINATING COMMITTEESUB-COMMITTEE ON EXPORT CONTROLSILLEGAL SHIPMENTS OF STRATEGIC GOODS~~H-Sub-C~~

7a

MEMORANDUM BY THE UNITED KINGDOM DELEGATION

Certain particulars of this case have already been reported by the U.S. Delegation in Cocom document 3269. This report gives a full history of the evasion and supplies up-to-date information on the legal position reached.

2. In September, 1956, the United Kingdom firm obtained a United Kingdom import certificate for the import from an Italian firm of 20 roller bearings covered at that time by International List item No. 1601. The United Kingdom import certificate bore a triangle as the application indicated that the bearings were to be sent on to Switzerland as "replacement spare parts diesel engines". On the same date the United Kingdom company applied for a "waiver" licence permitting them to dispose of the goods without importation into the United Kingdom to Switzerland via Rotterdam shipping agents. As the Swiss firm were already suspected by the United Kingdom authorities of illicit East/West deals the United Kingdom firm was told that they must obtain a Swiss import certificate. After some delay the United Kingdom firm stated that the certificate was unobtainable and cancelled the application for a waiver licence.

3. The United Kingdom licensing authorities requested the return of the import certificate as a precaution against misuse. After pressure the firm stated that the certificate had been returned though it could not be traced. The United Kingdom authorities then advised the Italian authorities that the import certificate had been cancelled and that no export licence should be issued against it. The Italian authorities stated on March 11, 1957 that no licence had been issued and would not be. It was later revealed that the United Kingdom import certificate had been sent to the Italian firm at the latter's request.

4. In March, 1958, the United States Embassy in London asked the United Kingdom authorities for a D.V.C. for the bearings supplied against the same United Kingdom import certificate when it was found that the Italian firm instead of passing the certificate to the Italian authorities had sent it to the proposed exporters in the U.S.A. The certificate was accepted by the United States authorities erroneously as they have pointed out, who issued an export licence to the United Kingdom firm via the Italian firm. After export the goods lay in Italy for some time and were apparently reconsigned from Naples to Rotterdam on instructions from the United Kingdom firm. Investigation by the Dutch authorities showed that the United Kingdom instructed the Rotterdam shippers to place the

/goods

~~CONFIDENTIAL~~

CONFIDENTIAL

- 2 -

goods on arrival at the disposal of the Swiss firm. In February 1957 the Dutch shippers on Swiss instructions shipped the goods (then described as "spare parts for diesel engines, 250 b.h.p. and maximum 500 r.p.m. the non-magnetic contents being less than 10%" - non embargoed) to Gdynia for destination to China. On the basis of the Swiss firm's description, the Dutch authorities had no grounds on which to prevent the transshipment.

5. The Italian authorities had confirmed that the goods had merely passed through Italy in transit and the Dutch authorities stated that the Dutch shipping firm had merely acted as shipping agents and on evidence were not commercially involved in the transaction.

6. It was considered that the United Kingdom firm had infringed the Control of Goods (Import Certificates) Order, 1951, and furthermore in causing the disposal of the goods eventually to China they had contravened the Strategic Goods (Control) Order, 1954, since roller bearings of the type in question were listed in the Order - they were removed from embargo in August 1958.

7. Proceedings were commenced in the United Kingdom against the United Kingdom firm on March 11, 1959 and were concluded in the Court of Summary Jurisdiction on May 8, 1959, when the company were committed for trial at the Central Criminal Court. In the course of the proceedings the accused sought to establish that (a) the Dutch shippers would not have acted on any instructions from the Swiss firm in the normal way that were contrary to instructions from the United Kingdom firm and (b) that despite this the Dutch shippers sent the goods on to Poland on Swiss instructions before advising the United Kingdom firm of their arrival in Rotterdam.

United Kingdom Delegation,  
Paris.

May 14, 1959.